

School's out! But who was "IN" for 2020?

Now that school's out for summer in Hampton Roads, we dug into the Virginia Department of Education's Fall enrollment data to understand the impact COVID-19 may have had on students in the region.

Many states, including Virginia, reported declines in public school enrollment for the Fall of 2020. From 2019 to 2020, Fall enrollment overall in Hampton Roads declined by over 4.5%, while public school enrollment in the same time period in Virginia declined by nearly 3.5%. Overall Fall public school enrollment in Hampton Roads has been declining for the past 15 years at roughly 0.5% per year, so a slight decline would not have been out of the ordinary, but this was over eight times the 15-year average annual rate of decline. Other states in the Southeast experienced similar declines in enrollment, with North Carolina experiencing 4% decline, Maryland at 3%, South Carolina at 2.6%, and the District of Columbia showed a 1% decline in enrollment during 2020.

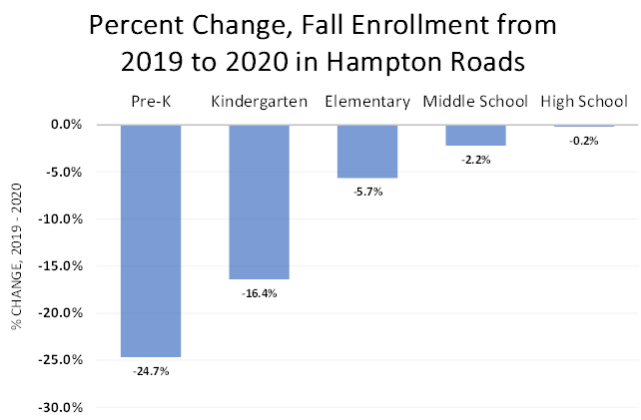


Figure 2: Percent change in public school enrollment in Hampton Roads from Fall 2019 to Fall 2020, by grade. Source: Virginia Department of Education, HRPDC

person education options, since online learning has proven particularly challenging for young children. Breaking education levels down by racial demographics and economic advantage status (economically disadvantaged is defined by the Virginia Department of Education as eligible for free/reduced meals, receives TANF, or is eligible for Medicaid), the data shows that decline in enrollment is not equal across all groups. While the declines in enrollment for Pre-K were larger overall across all groups, declines in Kindergarten enrollment saw greater declines in economically disadvantaged students when compared to those not considered disadvantaged. Additionally, a much greater decline in enrollment was evident in White kindergarten students when compared to Black and Hispanic students.

It is clear the COVID-19 pandemic has impacted students in Hampton Roads significantly, especially at the early stage of childhood education. Early state-wide data from fall 2020 showed a roughly 10% increase relative to 2019 in the percentage of incoming kindergarten and first-grade students at high risk for reading failure based on literacy assessments. As vaccination rates in Virginia are relatively high and prevalence of COVID in Hampton Roads declines for the time being, public schools are expected to open to in-person learning in the Fall with the potential for enrollments to increase accordingly.

Year over Year Percentage Change in Total Hampton Roads Public School Enrollment

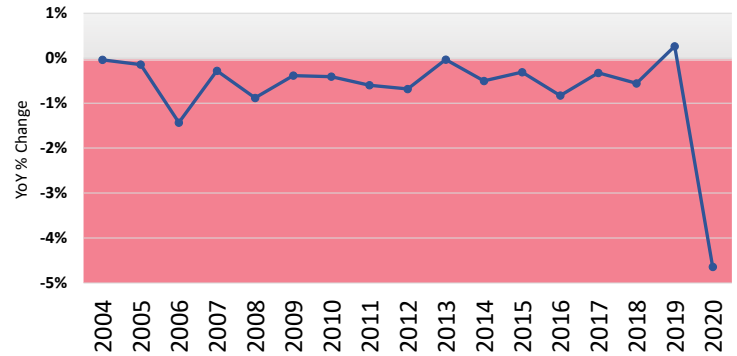


Figure 1: YoY percent change in total public school enrollment in Hampton Roads. Source: Virginia Department of Education, HRPDC

Breaking enrollment down by grade level reveals that drops were concentrated primarily at the pre-K and kindergarten levels with double digit drops in enrollment. Elementary and middle school levels showed noticeable but much smaller decreases, while declines in high school enrollment were negligible.

These declines in early childhood education enrollment are likely due to a combination of factors. Pre-K is not required in Virginia, and families have the option to delay kindergarten entry, so parents of younger children may have opted for keeping them home out of an abundance of caution to prevent the spread of COVID. Some may have enrolled their children in private schools or child-care centers that offered in-person or full-day options if their public schools were not offering in-

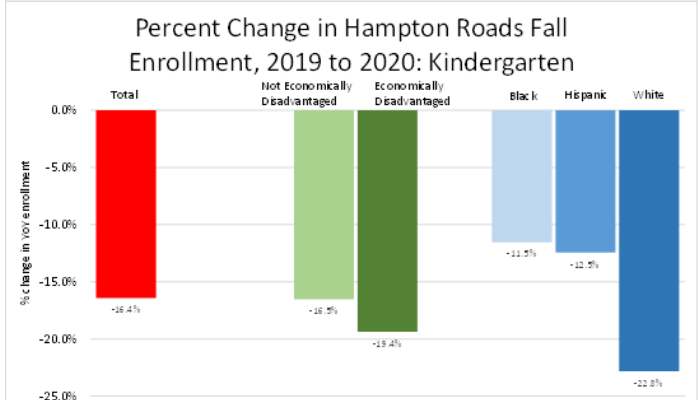
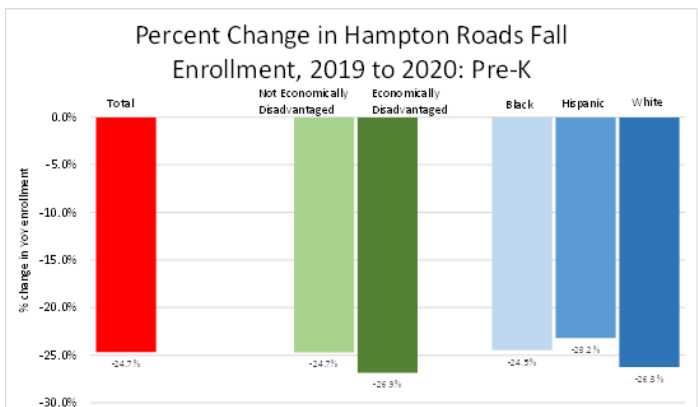
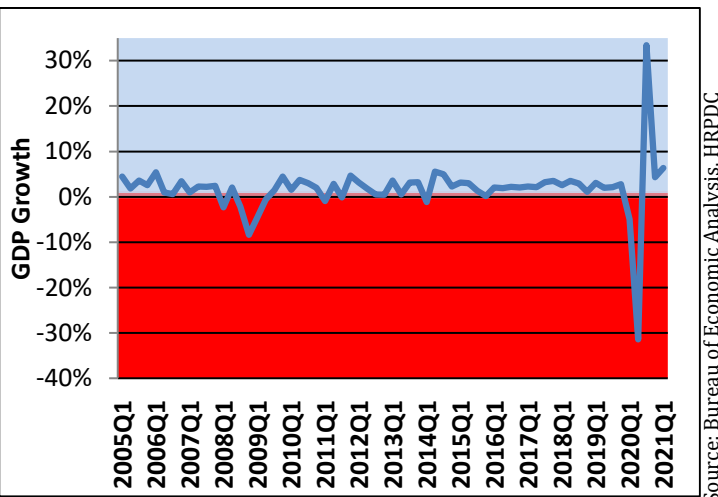


Figure 3: Percent change in Pre-K and Kindergarten enrollment in Hampton Roads from Fall 2019 to Fall 2020, by race and economic status. Source: Virginia Department of Education, HRPDC

GDP, Annualized Growth Rate

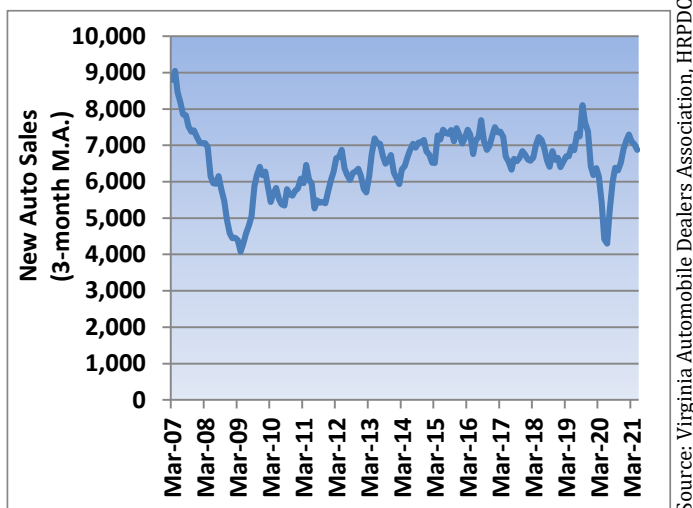
United States, 2005Q1 – 2021Q1, Quarterly



GDP: Gross Domestic Product combines consumption, investment, net exports, and government spending to determine the size and general health of the economy. Real GDP increased nearly 6.5% in Q1 2021, reflecting the continued economic recovery from early 2020 losses as well as the ongoing impact of COVID-19. While Q1 growth quarter was largely driven by increases in PCE (5% increase in durable goods, over 2% increase in services), real GDP levels are still roughly 0.85% lower than at the end of 2019.

New Car Sales, Seasonally Adjusted

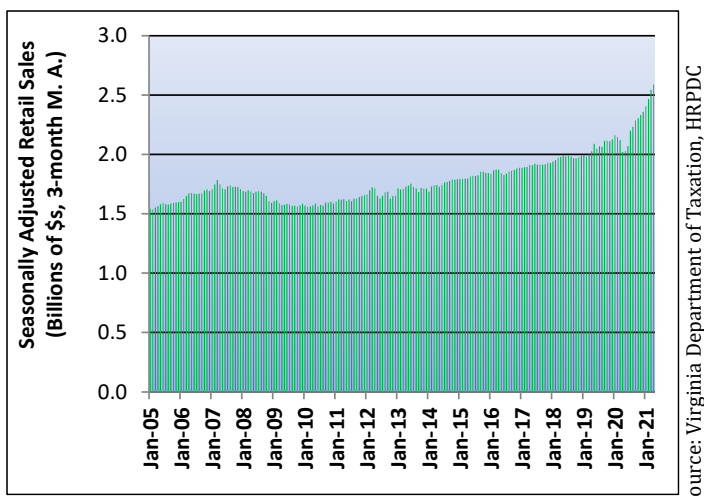
Hampton Roads, Mar 2007 – May 2021, Monthly



New Car Sales: Car sales, as a durable good, may be put off until an individual's economic prospects improve; thus, the number of new car sales indicates the level of confidence that households in Hampton Roads have in their financial future. Car sales this April and May were down slightly compared to Winter highs, and represents significant YoY growth—May 2021 showed a 78% increase from May 2020, when COVID-19 impacts were strongly felt. For pre-pandemic comparison, May 2021 actually represents a 5% decrease from May 2019 car sales.

Hampton Roads Retail Sales, Seasonally Adjusted

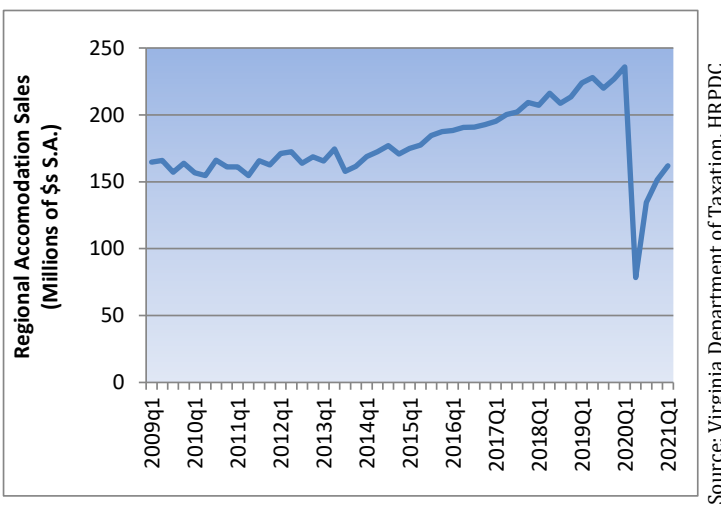
Hampton Roads, Jan 2005– Apr 2021, Monthly



Retail Sales: Retail sales in Hampton Roads, as measured by the 1% local option sales tax, serve as an indicator for consumption in the region. When averaged over 3 months, April once again represents the largest total retail sales recorded, continued confirmation of structural changes to expenditure patterns. Unadjusted, April 2021 posted a 37% increase from April 2020 (one of the first months showing pandemic impacts), but also a 29% increase from April 2019.

Estimated Hotel Revenue, Seasonally Adjusted

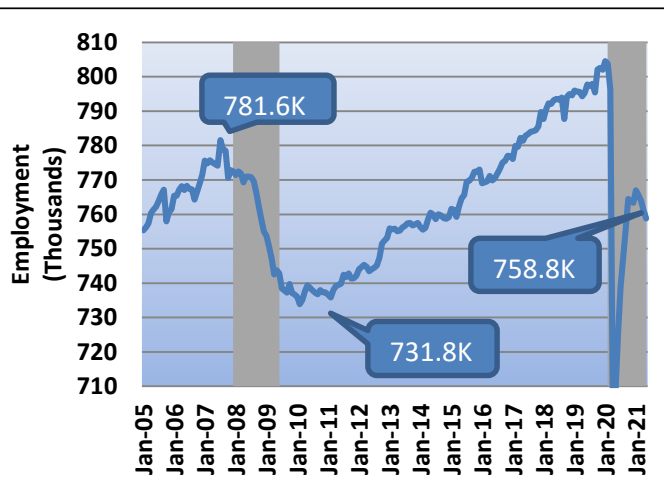
Hampton Roads, 2009Q1 – 2021Q1, Quarterly



Estimated Hotel Revenue: Hotel sales indicate the performance of the region's tourism sector. When seasonally adjusted, Q1 2021 hotel revenue once again saw improvement from the historic lows realized in Q2 due to pandemic-related closures, albeit at a lower rate of recovery. While there was a roughly 7% increase in revenue from Q4 2020 to Q1 2021, this still represents a 31% decline in year-over-year revenue.

Civilian Employment, Seasonally Adjusted

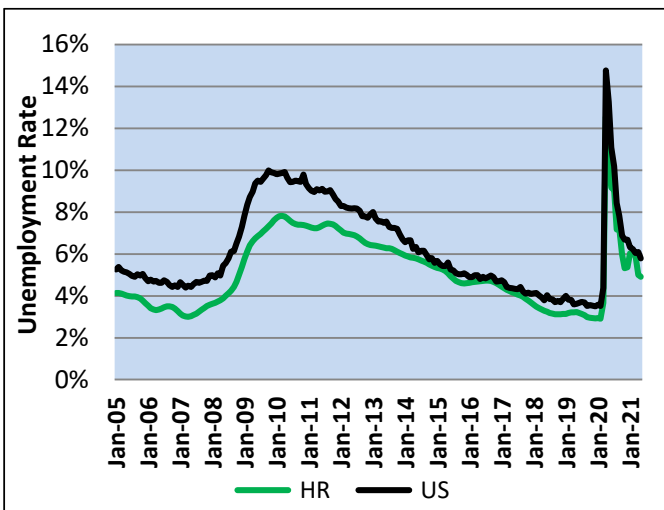
Hampton Roads, Jan 2005 – May 2021, Monthly



Employment: Non-agricultural civilian employment figures are considered the best estimate of labor market activity by the National Bureau of Economic Research. According to data from the Bureau of Labor Statistics, Hampton Roads employment (seasonally adjusted) decreased for the fourth month in a row—by 0.3% from April to May 2021. While unadjusted employment levels are slowly increasing, seasonally adjusted employment levels are declining in conjunction with the slow rebound in leisure and hospitality employment.

Unemployment Rate, Seasonally Adjusted

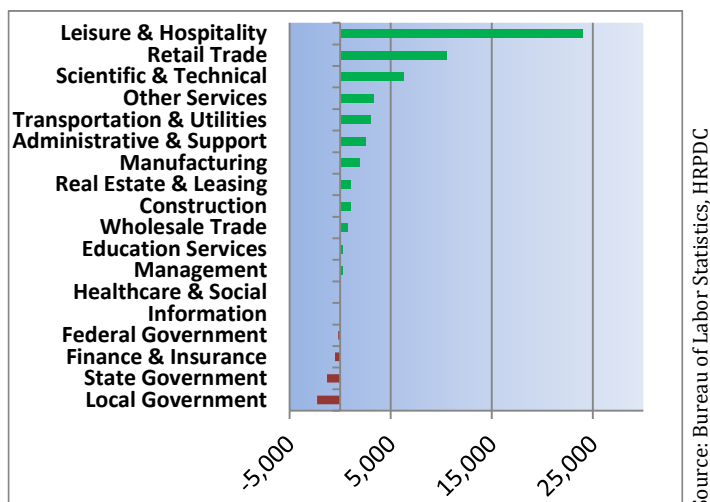
U.S. & Hampton Roads, Jan 2005 – May 2021, Monthly



Unemployment Rate: The unemployment rate is the percentage of the population actively seeking work but unable to obtain a position. Hampton Roads' unemployment rate decreased again to 4.92% in May 2021, reflecting a decrease in the labor force and a slight increase in employment, but a larger decrease in the number of unemployed persons. The unemployment rate in Hampton Roads continues to sit below the US rate, roughly 0.9% lower.

Employment Growth by Industry

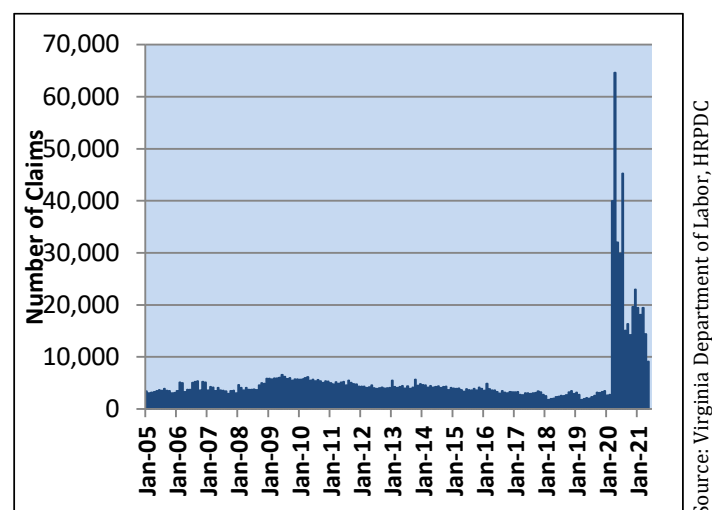
Hampton Roads, May-20 to May-21, Year-over-Year



Employment Growth by Industry: As the job market grows or declines, there will be some industries whose experience does not resemble the regional trend. In May, almost every Hampton Roads industry experienced an increase in year-over-year employment when compared to May 2020—when initial impacts of COVID-19 were felt. Most significant was Leisure & Hospitality, which added nearly 25,000 jobs since the initial pandemic shock, followed by Retail, another industry heavily impacted. Local and State Government both realized losses this May when compared to 2020.

Initial Unemployment Claims, Seasonally Adjusted

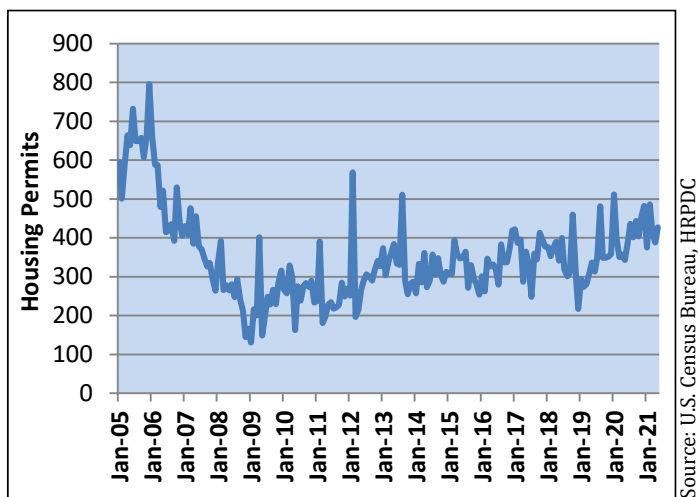
Hampton Roads, Jan 2005 – May 2021, Monthly



Initial Unemployment Claims: The number of initial unemployment claims is a leading economic indicator reflecting those who are forced to leave work unexpectedly, thus revealing the strength of the job market with little lag time. In May 2021, initial unemployment claims significantly decreased from the previous months, to levels comparable to the pre-winter surge in COVID cases and unemployment claims. Seasonally adjusted unemployment claims in May were below 10,000 a 37% decrease from the previous month, the lowest since the onset of the pandemic.

Single Family Housing Permits, Seasonally Adjusted

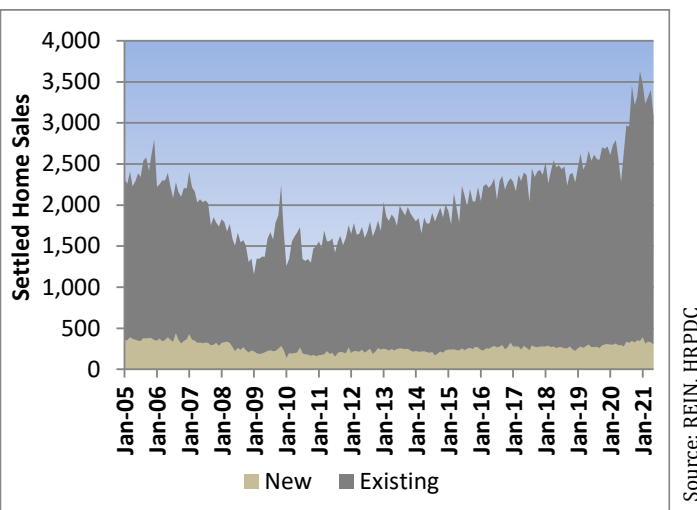
Hampton Roads, Jan 2005 – May 2021, Monthly



Single Family Housing Permits: Permit data signals the level of construction employment and confidence regarding the future trajectory of the local economy. There were 458 new construction permits issued for single family homes in May 2021. When seasonally adjusted, the data shows small variances month to month over the past year, but as the market continues to respond to labor and materials shortages, the trend is likely to stay constant until the industry can increase capacity in response to increased demand.

Number of Homes Sold, Seasonally Adjusted

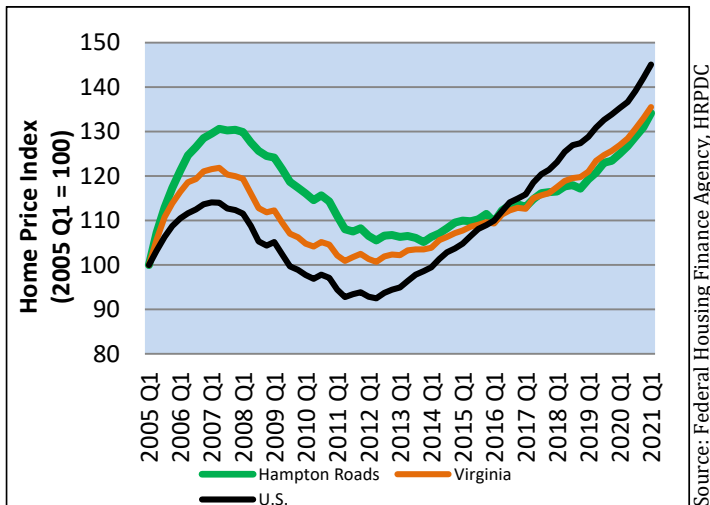
Hampton Roads, Jan 2005 – May 2021, Monthly



Home Sales: Settled home sales measure the level of transactions on the real estate market over time, and a healthy real estate market should have a consistent level of activity. Seasonally adjusted, existing home and total settled sales in March and April increased, remaining at record highs with over 3,000 homes sold in April. The impacts of COVID were first felt in April/May of 2020 with declining sales, so while April posted a 32% YoY increase, it's important to note that April sales realized a 37% increase from 2019 to 2021.

Home Price Index, All Transactions

Hampton Roads, 2005Q1 – 2021Q1 Quarterly



Home Price Index: The home price index measures the value of homes by evaluating changing price levels through repeated sales of properties. The index provides the highest quality data available on the trends in the real estate market. Hampton Roads' home prices increased, yet again, by 7.4% over the previous year in Q1 2021, higher rates than both the state and the nation. Regional housing values are now 2.8% higher than the peak of the housing boom—the first time the gap has closed as home prices have been rapidly increasing.

Note: The format of this monthly economic report will be getting an update in the coming months. We welcome any input about what you find useful in this report. Please email Katherine Rainone at krainone@hrpdcva.gov with any suggested changes or improvements for future economic monthly updates.